Q1
Interim Report
1–3/2020

Caverion

Caverion Corporation Interim Report 30 April 2020 at 12.00 noon EEST

Caverion Corporation's Interim Report for 1 January – 31 March 2020

All-time high order backlog as well as strong cash flow and liquidity support tackling the corona crisis

1 January – 31 March 2020

- **Order backlog:** EUR 1,768.3 (1,579.7) million, up by 11.9 percent.
- **Revenue:** EUR 541.6 (514.4) million, up by 5.3 percent. Services business revenue up by 12.7 percent.
- **Adjusted EBITDA:** EUR 26.3 (27.1) million, or 4.8 (5.3) percent of revenue.
- **Adjusted EBITA:** EUR 12.1 (13.8) million, or 2.2 (2.7) percent of revenue. Like-for-like profitability improved, Q1/2019 included a one-off gain of EUR 8.9 million plus interest.
- **EBITA:** EUR 10.0 (9.3) million, or 1.8 (1.8) percent of revenue.
- **Operating cash flow before financial and tax items:** EUR 56.1 (30.1) million.
- **Earnings per share, undiluted:** EUR 0.01 (0.01) per share.
- **Net debt/EBITDA***: 1.1x (0.7x).
- Strong liquidity position

Unless otherwise noted, the figures in brackets refer to the corresponding period in the previous year.
* Based on calculation principles confirmed with the lending parties.

KEY FIGURES

EUR million	1–3/2020	1–3/2019	Change	1–12/2019
Order backlog	1,768.3	1,579.7	11.9%	1,670.5
Revenue	541.6	514.4	5.3%	2,123.2
Adjusted EBITDA	26.3	27.1	-3.0%	120.4
Adjusted EBITDA margin, %	4.8	5.3		5.7
EBITDA	24.1	22.6	6.6%	103.0
EBITDA margin, %	4.4	4.4		4.8
Adjusted EBITA	12.1	13.8	-11.9%	67.2
Adjusted EBITA margin, %	2.2	2.7		3.2
EBITA	10.0	9.3	7.1%	49.8
EBITA margin, %	1.8	1.8		2.3
Operating profit	6.5	5.3	22.3%	35.3
Operating profit margin, %	1.2	1.0		1.7
Result for the period	1.6	3.0	-46.6%	22.6
Earnings per share, undiluted, EUR	0.01	0.01		0.14
Operating cash flow before financial and tax items	56.1	30.1	86.4%	143.7
Cash conversion (LTM), %	162.4	n/a		139.5
Working capital	-127.3	-60.4	-110.6%	-100.9
Interest-bearing net debt	142.8	162.7	-12.2%	168.4
Net debt/EBITDA*	1.1	0.7		1.4
Gearing, %	62.3	75.1		73.6
Equity ratio, %	22.0	21.3		21.5
Personnel, end of period	16,010	14,489	10.5%	16,273

* Based on calculation principles confirmed with the lending parties.

Ari Lehtoranta, President and CEO:

"In the first quarter of 2020, the general business environment radically changed with the outbreak of the coronavirus pandemic. In this situation, the wellbeing of our employees, customers and other stakeholders has been, and continues to be, our first priority. Governments in our operating countries reacted to the situation by enforcing strict restrictions on social interactions, group gatherings and travel, many also by locking down their national borders. At the same time the corporate sector has tried to keep the business up and running to the extent possible. This meant wholly new challenges also for Caverion, both in the areas of health and safety and the optimisation of our operations.

Our performance in the first quarter shows that Caverion was not at the frontline taking the immediate hits from the corona crisis. A large part of Caverion's services is vital in keeping critical services and infrastructure up-and-running. This includes ensuring the continued functioning of real estate premises, energy and transportation infrastructure, health facilities, pharmaceutical and food industries, food retail and logistics as well as facilities and services used by public authorities. An important share of these services needs to be performed even under lockdown measures imposed to help fight the coronavirus pandemic. While we also took contingency plans into use throughout the organisation in March, at the same time we benefited from a strong order backlog and a large amount of service contracts. We furthermore benefited from having rooted performance management throughout the organisation during the Fit phase of our strategy. We steer our business and contingency actions with a weekly performance management cycle, while in divisions and units the steering takes place on a daily basis.

In the first quarter of 2020, our revenue increased to EUR 541.6 (514.4) million, up by 5.3 percent. Excluding the impact of currencies, revenue grew by 7.0 percent in the quarter. Our adjusted EBITA amounted to EUR 12.1 (13.8) million, or 2.2 (2.7) percent of revenue. Our like-for-like profitability improved, taking into account that the result for the first quarter of 2019 was impacted by a positive arbitration decision relating to an old large risk project totalling EUR 8.9 million plus interest. I am especially satisfied with our cash flow generation which was a highlight of the quarter. Our operating cash flow before financial and tax items improved to EUR 56.1 (30.1) million. Our order backlog increased by 11.9 percent to EUR 1,768.3 (1,579.7) million. The integration of our most recent acquisitions (Maintpartner and Huurre) is progressing according to plan.

Measured in local currencies, the Services business revenue grew by 14.9 percent, while the Projects business revenue declined by 4.3 percent in the first quarter. Organic growth in the Services business was 3.8 percent. The Services business accounted for 63.3 (59.2) percent of Group revenue.

Our liquidity position is strong. At the end of the first quarter, our net debt amounted to EUR 142.8 (162.7) million, or EUR 11.8 (27.1) million excluding lease liabilities. The net debt/EBITDA ratio was 1.1x (0.7x). Our cash and cash equivalents increased to EUR 113.2 (101.3) million. In addition, Caverion had undrawn revolving credit facilities amounting to EUR 100.0 million and undrawn overdraft facilities amounting to EUR 19.0 million. Possible pension loans provide additional head room.

We estimate that the impacts of the corona crisis will be more visible to our business in the second quarter. It is expected that there will be somewhat more of our work force absent as well as more work site delays and closures. Although there recently have been positive signs that the governmental restrictions are clearly minimising the spread of the virus, many of our operating countries are currently still locked down. Due to the poor visibility and the extraordinary circumstances, Caverion informed on 14 April 2020 that it is withdrawing its guidance for 2020. Caverion may provide an updated guidance for 2020 once the visibility improves and more reliable estimates can be made.

I would like to express my sympathy to all our stakeholders heavily affected by the corona crisis. We continue supporting our customers with a specific focus on the ones being critical to the proper functioning of society in the current crisis. In this manner we help with building performance back to society.

There are many risks associated with the crisis, especially if it gets prolonged. Having said this, I am confident in our ability to manage the impacts of the crisis in the best possible manner. Our units, divisions and the Group have adopted a rigorous performance management process with a daily or weekly schedule to respond to the increased uncertainty and to implement required actions, including cost savings. We are extremely focused on cash flow and its drivers at all levels of the organisation. At the same time, we are continuing our most important development efforts in the areas of digitalisation, sustainability and energy efficiency. This will help us to keep executing our growth strategy with full force when the crisis is over. Our target is to come out of this crisis as a stronger company than entering it."

OUTLOOK FOR 2020

Market outlook for Caverion's services and solutions

Due to the effects of the outbreak of the global coronavirus pandemic, the previous market outlook given on 7 February 2020 is no longer valid. The effects of the coronavirus crisis will impact Caverion's market outlook for 2020 in many ways.

A large part of Caverion's services is vital in keeping critical services and infrastructure up-and-running. This includes ensuring the continued functioning of real estate premises, energy and transportation infrastructure, health facilities, pharmaceutical and food industries, food retail and logistics as well as facilities and services used by public authorities. An important share of these services needs to be performed even under lockdown measures imposed to help fight the coronavirus pandemic. The governmental stimulus packages are expected to increase investments in infrastructure and hospital projects in Caverion's operating area. Also the ramp-up investments in Pharma segment capacity as well as the manufacturing of protective equipment may increase the need for clean room capabilties.

Nevertheless, any restrictive measures such as limiting industrial operations and shutdowns or temporary close-downs of premises or construction sites may also have an impact on Caverion's business. However, it is very difficult to judge if the effects are of a short-term nature, or if they will have a more long-term impact.

The global corona crisis is expected to result in a global downturn. While the megatrends and the need for Caverion's offering may even be strengthened by the crisis going forward, a global downturn will negatively impact the level of demand also for Caverion's offering. Most likely the demand for new construction projects will decrease, but there may also be an impact for smaller ad-hoc services and projects.

On the other hand, the corona crisis may also promote additional demand and new opportunities for some of Caverion's solutions going forward. Remotely controlled buildings are helping customers to save time and money, but also enable to operate the buildings more safely. Special requirements may currently also apply to ventilation and air-conditioning systems, increasing the demand for ventilation related upgrades based on new guidelines and requirements.

Despite the coronavirus and its economic effects, the overall megatrends in the industry, such as the increase of technology in built environments, energy efficiency requirements, increasing digitalisation and automation as well as urbanisation remain strong and are still expected to promote demand for Caverion's services and solutions over the coming years. Especially the sustainability trend is expected to continue strong going forward. The increasing awareness of sustainability is supported by both EU-driven regulations and national legislation setting targets and actions for energy efficiency and carbon-neutrality.

Services

Over the short term, the corona crisis and the economic slowdown are expected to negatively impact the demand environment in Services in all of Caverion's divisions, especially in ad-hoc services. Caverion's Services business is by nature more stable and resilient through the business cycles than the Projects business. As technology in buildings increases, the need for new services and digital solutions is expected to increase. Customer focus on core operations continues to open up outsourcing and maintenance as well as technical building management opportunities for Caverion. The corona pandemic may even increase the amount of outsourcings going forward. In some cases, the demand for smaller ad-hoc work in empty buildings may also increase. There is a continued interest for services supporting sustainability, such as energy management. In Cooling, there is a technical change ongoing from F-gases into CO2-based refrigeration, providing increased need for upgrades and modernisations.

Projects

Over the short term, the corona crisis and the economic slowdown are expected to negatively impact the demand environment in Projects in all of Caverion's divisions. There will be somewhat more of work force absent as well as more work site delays and closures. So far there has only been a limited amount of work site closures in Caverion's Projects business. The current circumstances also allow doing repairs and many types of installation projects for empty properties and sites. The requirements for increased energy efficiency, better indoor climate and tightening environmental legislation continue to drive demand over the coming years.

Guidance for 2020

Caverion announced on 14 April 2020 that it withdraws its guidance for 2020 due to the increased uncertainty around the market outlook as a result of the coronavirus pandemic.

Caverion may provide an updated guidance for 2020 once the visibility improves and more reliable estimates can be made.

According to the previous guidance published on 7 February 2020, the Group's revenue (2019: EUR 2,123.2 million) and adjusted EBITA (2019: EUR 67.2 million) were estimated to grow in 2020 compared to 2019.

INFORMATION SESSION, WEBCAST AND CONFERENCE CALL

Caverion will hold a news conference on the Interim Report as a live webcast at www.caverion.com/investors on Thursday, 30 April 2020, at 2.00 p.m. Finnish time (EEST). Due to the coronavirus pandemic, the news conference cannot be attended in person.

It is also possible to participate in the event through a conference call by calling the assigned number +44 (0)330 336 9105 at 1:55 p.m. (Finnish time, EEST) at the latest. The participant code for the conference call is "1717650/ Caverion". More practical information on the news conference can be found on Caverion's website, www.caverion.com/investors.

Financial information to be published in 2020

Half-yearly and Interim Reports will be published on 6 August and 5 November 2020. Financial reports and other investor information are available on Caverion's website, www.caverion.com/investors, and IR App. The materials may also be ordered by sending an e-mail to IR@caverion.com.

CAVERION CORPORATION

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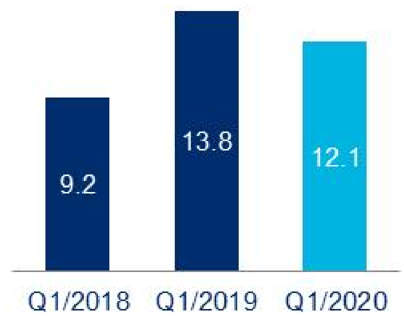
GROUP FINANCIAL DEVELOPMENT

Key Figures

Order backlog
(EUR million)

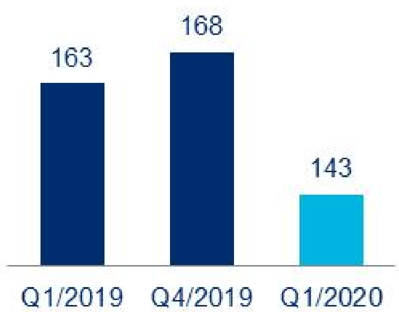
Revenue
(EUR million)

Adjusted EBITA
(EUR million)

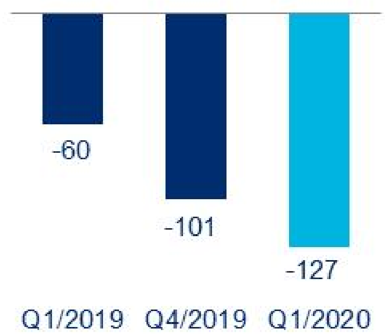


Operating cash flow before financial and tax items
(EUR million)

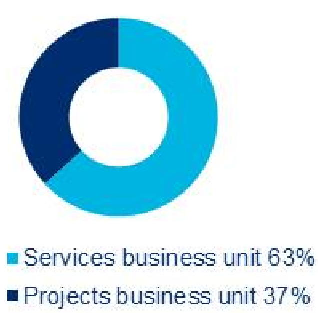
Net debt
(EUR million)



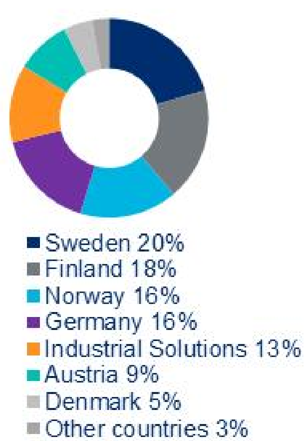
Working capital
(EUR million)



Revenue by business unit
% of revenue 1-3/2020



Revenue by division
% of revenue 1-3/2020



Personnel by division
at the end of March 2020

Comparative figures for 2018 have not been restated according to IFRS 16.

Operating environment during the first quarter in 2020

The overall market and demand situation was stable in most of Caverion's countries until early March. Towards the end of the quarter, the market situation started to weaken due to the outbreak of the corona virus pandemic. However, the spread of the virus still had only a limited impact on the financial performance of Caverion in the first quarter, while the business was rolling almost at a normal pace. Caverion did not experience any major constraints from the supply chain perspective either.

However, in order to minimise the negative financial impacts from the pandemic on its operations, Caverion already launched cost saving actions and adapted its resources. In most of the operating countries, the key flexibility measures were the use of temporary lay-offs and the reduction of subcontracting. Due to the increased uncertainty around the market outlook as a result of the coronavirus pandemic, the President and CEO and the top management of Caverion have also decided to voluntarily lower their compensation. The President and CEO of Caverion has lowered his monthly base salary by 20 percent for six months and postponed the payment of his bonus payment for the financial year 2019 by six months. The Board of Directors of Caverion has on 30 April 2020 also decided, upon management's suggestion, to postpone the commencement of PSP 2020-2022 incentive plan, latest until the beginning of the year 2021.

Services

The demand for Services continued being strong until mid-March. The impacts of the coronavirus pandemic started to be visible towards the end of the quarter. In the Industrial Solutions division, the corona situation postponed most annual spring and summer shutdowns in Finland until autumn, which is estimated to be the next high season for industrial shutdowns.

There was still a general increasing interest for services supporting sustainability, such as energy management and advisory services.

Projects

The market for Projects remained mostly normal during the first quarter as a whole, although the impacts of the coronavirus pandemic started to be visible towards the end of the quarter. There was only a limited amount of work site closures in Caverion's Projects business during the period. However, towards the end of the quarter there were some more delays in the negotiations of new contracts, due to coronavirus related precautions.

In the residential construction market segment, there were indications of the market slowing down, also affected by the progress of the coronavirus pandemic. In the non-residential construction segment, which is more relevant for Caverion, the market remained more stable.

Order backlog

Order backlog at the end of March increased by 11.9 percent to EUR 1,768.3 million from the end of March in the previous year (EUR 1,579.7 million). At comparable exchange rates the order backlog increased by 14.7 percent. Order backlog increased both in Services and Projects compared to last year. Excluding the impact of acquisitions completed in 2019, the order backlog increased by 8.3 percent (11.1 percent at comparable exchange rates).

Revenue

January–March

EUR million	1-3/2020	1-3/2019	Change	Change in local currencies	Organic growth *	Currency impact	Acquisitions and divestments impact
Services business	343.0	304.4	12.7%	14.9%	3.8%	-2.2%	11.1%
Projects business	198.7	210.0	-5.4%	-4.3%	-4.8%	-1.1%	0.5%
Group total	541.6	514.4	5.3%	7.0%	0.2%	-1.7%	6.8%

** Revenue change in local currencies, excluding acquisitions and divestments*

Revenue for January–March was EUR 541.6 (514.4) million, an increase of 5.3 percent compared to the previous year. Revenue was impacted by fluctuations in currency exchange rates and includes the Maintpartner and Huurre acquisitions as of December 2019. At the previous year's exchange rates, revenue was EUR 550.6 million and increased by 7.0 percent compared to the previous year. Changes in the Swedish krona accounted for EUR 2.6 million and the Norwegian krone for EUR 6.4 million.

Revenue increased in Sweden, Finland, Germany, Austria and Industrial Solutions, while it decreased in other divisions.

The revenue of the Services business unit increased and was EUR 343.0 (304.4) million in January–March, an increase of 12.7 percent, or 14.9 percent in local currencies. Organic growth in the Services business was 3.8 percent. The revenue of the Projects business unit was EUR 198.7 (210.0) million in January–March, a decrease of 5.4 percent, or 4.3 percent in local currencies.

The Services business unit accounted for 63.3 (59.2) percent of Group revenue, and the Projects business unit for 36.7 (40.8) percent of Group revenue in January–March.

Distribution of revenue by Division and Business Unit

Revenue, EUR million	1–3/2020	%	1–3/2019	%	Change	1–12/2019	%
Sweden	111.0	20.5	106.6	20.7	4.1%	435.4	20.5
Finland	99.3	18.3	88.7	17.2	11.9%	384.3	18.1
Norway	85.9	15.9	99.1	19.3	-13.2%	359.6	16.9
Germany	88.9	16.4	82.3	16.0	8.0%	355.5	16.7
Industrial Solutions	68.2	12.6	51.6	10.0	32.1%	205.3	9.7
Austria	48.0	8.9	41.2	8.0	16.6%	200.1	9.4
Denmark	25.3	4.7	27.5	5.3	-7.8%	109.5	5.2
Other countries*	15.0	2.8	17.5	3.4	-14.6%	73.6	3.5
Group, total	541.6	100.0	514.4	100.0	5.3%	2,123.2	100.0
Services business unit	343.0	63.3	304.4	59.2	12.7%	1,274.9	60.0
Projects business unit	198.7	36.7	210.0	40.8	-5.4%	848.3	40.0

** Other countries include the Baltic countries, Poland (until 28 February 2019) and Russia.*

Profitability

EBITA and operating profit

January–March

Adjusted EBITA for January–March amounted to EUR 12.1 (13.8) million, or 2.2 (2.7) percent of revenue and EBITA to EUR 10.0 (9.3) million, or 1.8 (1.8) percent of revenue. The like-for-like profitability improved, taking into account that the result for the first quarter of 2019 was impacted by a positive arbitration decision relating to an old large risk project totalling EUR 8.9 million plus interest.

The operating profit (EBIT) for January–March improved to EUR 6.5 (5.3) million, or 1.2 (1.0) percent of revenue.

Performance of the Services business unit was in line with the company's expectations considering the corona crisis. There were anticipated integration costs from the acquisitions completed in the fourth quarter of 2019. The like-for-like result of the Projects business unit improved compared to the previous year, when taking into account the impact of the positive arbitration decision in the first quarter of 2019. By division, a highlight was the clear performance improvement in Germany.

In the adjusted EBITA calculation the transaction costs related to divestments and acquisitions totalled EUR 0.3 million. The write-downs, expenses and/or income from separately identified major risk projects amounted to EUR 0.1 million. The Group's restructuring costs amounted to EUR 1.3 million, the majority of which related to Industrial Solutions division. Other items totalled EUR 0.5 million.

Costs related to materials and supplies increased to EUR 128.3 (124.4) million and external services decreased to EUR 94.5 (94.6) million in January–March. Personnel expenses increased by 9.1 percent from the previous year and amounted to a total of EUR 240.6 (220.6) million for January–March, explained by the recent acquisitions. Personnel expenses decreased from the previous year excluding the effect from these acquisitions. Other operating expenses increased to EUR 54.7 (52.8) million. Other operating income was EUR 0.5 (0.5) million. The figures for the previous year do not include the costs related to the acquisitions and divestments made after the end of the quarter, apart from the divestment of Poland, which was included for the first two months of 2019.

Depreciation, amortisation and impairment amounted to EUR 17.6 (17.3) million in January–March. Of these EUR 14.1 (13.3) million were depreciations on tangible assets and EUR 3.5 (4.0) million amortisations on intangible assets. Of the depreciations, the majority related to right-of-use assets in accordance with IFRS 16 amounting to EUR 12.3 (12.0) million. The amortisations related to allocated intangibles on acquisitions and IT.

EBITA is defined as Operating profit + amortisation and impairment on intangible assets. Adjusted EBITA = EBITA before items affecting comparability (IAC). Items affecting comparability (IAC) in 2020 are material items or transactions, which are relevant for understanding the financial performance of Caverion when comparing the profit of the current period with that of the previous periods. These items can include (1) capital gains and/or losses and transaction costs related to divestments and acquisitions; (2) write-downs, expenses and/or income from separately identified major risk projects; (3) restructuring expenses and (4) other items that according to Caverion management's assessment are not related to normal business operations. In 2019 and 2020, major risk projects only include one risk project in Germany reported under category (2). In 2019, legal and other costs related to the German anti-trust fine and a compensation from the previous owners of a German subsidiary related to the cartel case were reported under category (4). In 2020, costs related to an old dormant company in Russia under closing process have been reported under categfory (4).

Adjusted EBITA and items affecting comparability (IAC, the same adjustments apply for Adjusted EBITDA):

EUR million	1–3/20	1–3/19	4–6/19	7–9/19	10–12/19	1–12/19
EBITA	10.0	9.3	-4.1	22.1	22.5	49.8
EBITA margin, %	1.8	1.8	-0.8	4.4	3.8	2.3
Items affecting comparability (IAC)						
- Capital gains and/or losses and transaction costs related to divestments and acquisitions	0.3	2.3	0.3	0.2	2.1	4.8
- Write-downs, expenses and income from major risk projects*	0.1	1.6			15.5	17.1
- Restructuring costs	1.3	0.5	0.5	0.7	2.9	4.6
- Other items**	0.5	0.1	0.1	0.1	-9.3	-9.0
Adjusted EBITA	12.1	13.8	-3.2	23.0	33.7	67.2
Adjusted EBITA margin, %	2.2	2.7	-0.6	4.5	5.7	3.2

** Major risk projects include only one risk project in Germany in 2019 and 2020.*

*** Including the German anti-trust fine related legal and other costs, a compensation from the previous owners of a German subsidiary related to the cartel case and costs related to an old dormant company in Russia under closing process*

Result before taxes, result for the period and earnings per share

Result before taxes amounted to EUR 2.2 (4.1) million, result for the period to EUR 1.6 (3.0) million, and earnings per share to EUR 0.01 (0.01) in January–March. Net financing expenses in January–March were EUR 4.3 (1.2) million. This includes an interest cost on lease liabilities amounting to EUR 1.2 (1.3) million and an exchange rate loss from an internal loan denominated in euros in Russia amounting to EUR 1.8 million.

The Group's effective tax rate was 28.2 (26.3) percent in January–March.

Capital expenditure, acquisitions and disposals

Gross capital expenditure on non-current assets totalled EUR 8.3 (4.4) million in January–March, representing 1.5 (0.9) percent of revenue. Investments in information technology totalled EUR 2.8 (2.5) million. IT investments continued to be focused on building a harmonised IT infrastructure and common platforms as well as datacenter consolidation. IT systems and mobile tools were also developed to improve the Group's internal processes and efficiency going forward. Other investments, including acquisitions, amounted to EUR 5.5 (2.0) million.

Caverion signed an agreement to acquire Gunderlund A/S, a Danish company specialising in power grid expansions and renovations in March 2020. The revenue of the acquired company amounted to EUR 3.2 million in a twelve-month period ending September 2019. Gunderlund employs about 10 people. The transaction value was not disclosed. The purchase price was paid in cash.

Cash flow, working capital and financing

The Group's operating cash flow before financial and tax items improved to EUR 56.1 (30.1) million in January-March and cash conversion (LTM) was 162.4 percent. The Group's free cash flow improved to EUR 46.0 (27.0) million. Cash flow after investments was EUR 42.7 (23.5) million.

The Group's working capital improved to EUR -127.3 (-60.4) million at the end of March. There were improvements in divisions Finland, Sweden, Industrial Solutions and particularly in Germany compared to the previous year. The amount of trade and POC receivables decreased to EUR 492.8 (519.7) million and other current receivables to EUR 29.6 (30.0) million. On the liabilities side, advances received increased to EUR 219.4 (188.1) million and other current liabilities to EUR 269.2 (251.4) million, while trade and POC payables decreased to EUR 179.5 (187.4) million.

Caverion's liquidity position was strong and Caverion had a high amount of undrawn credit facilities on 31 March 2020. Caverion's cash and cash equivalents amounted to EUR 113.2 (101.3) million at the end of March. In addition, Caverion had undrawn revolving credit facilities amounting to EUR 100.0 million and undrawn overdraft facilities amounting to EUR 19.0 million.

The Group's gross interest-bearing loans and borrowings excluding lease liabilities amounted to EUR 125.1 (128.4) million at the end of March, and the average interest rate was 2.8 percent. Approximately 40 percent of the loans have been raised from banks and other financial institutions and approximately 60 percent from capital markets. Lease liabilities amounted to EUR 131.0 (135.6) million at the end of March 2020, resulting to total gross interest-bearing liabilities of EUR 256.0 (263.9) million.

The Group's net debt excluding lease liabilities amounted to EUR 11.8 (27.1) million at the end of March and including lease liabilities to EUR 142.8 (162.7) million. At the end of March, the Group's gearing was 62.3 (75.1) percent and the equity ratio 22.0 (21.3) percent. Excluding the effect of IFRS 16, the gearing would have amounted to 5.2 (12.5) percent and the equity ratio to 25.1 (24.6) percent.

In the beginning of March Caverion considered issuance of new capital securities and announced a voluntary tender offer for its outstanding hybrid notes. Due to the extremely high market volatility driven by the deepening of the coronavirus crisis after the announcement, Caverion concluded that the terms for such a new issue would not be economically attractive at that time. Accordingly, Caverion decided not to proceed with the tender offer nor the issue of new capital securities.

Caverion's external loans are subject to a financial covenant based on the ratio of the Group's net debt to EBITDA. The financial covenant shall not exceed 3.5:1. At the end of March, the Group's Net debt to EBITDA was 1.1x according to the confirmed calculation principles. The confirmed calculation principles exclude the effects of the IFRS 16 standard and contain certain other adjustments such as treating the hybrid notes as debt as of December 2019 and excluding the German anti-trust fine and related legal and advisory fees.

Changes in external financial reporting in 2020

Caverion made three important acquisitions in 2019. Maintpartner and Huurre acquisitions were closed in the end of November 2019 and Pelsu Pelastussuunnitelma Oy in October 2019, thus affecting the reporting as of December 2019 and November 2019, respectively. In December 2018, Caverion announced the sale of its small subsidiaries in Poland and Czech Republic. These were completed on 28 February 2019 and on 2 January 2019, respectively.

PERSONNEL

Personnel by division, end of period	3/2020	3/2019	Change	12/2019
Sweden	2,865	2,810	2%	2,961
Finland	2,811	2,522	11%	2,795
Norway	2,399	2,425	-1%	2,431
Germany	2,256	2,229	1%	2,253
Industrial Solutions	2,815	1,538	83%	2,929
Other countries	1,238	1,193	4%	1,223
Austria	834	827	1%	828
Denmark	669	836	-20%	734
Group Services	123	109	13%	119
Group, total	16,010	14,489	10%	16,273

Caverion Group employed 16,098 (14,694) people on average in January–March 2020. At the end of March, the Group employed 16,010 (14,489) people. Personnel expenses for January–March amounted to EUR 240.6 (220.6) million.

Employee safety continued to be a high focus area in the first quarter of 2020. Due to the corona situation, many extra actions have been taken to protect the employees, organise the work in a way that it is safe to complete and establish different supportive trainings, tools and communication methods.The Group's accident frequency rate at the end of March was 4.6 (5.7).

Changes in Caverion's Group Management Board and organisation structure

Elina Engman, M.Sc. (Tech.) (born 1970), was appointed as Head of Division Industrial Solutions and a member of the Group Management Board of Caverion Corporation as of 1 January 2020. She has previously worked as Vice President at ÅF Consult responsible for ÅF's renewables and energy business consulting, as President and CEO of Voimaosakeyhtiö SF, as Vice President, Energy at Kemira Corporation as well as in energy business related roles at Areva and Siemens.

SIGNIFICANT SHORT-TERM RISKS AND UNCERTAINTIES

In the first quarter of 2020, the general risk level in the economy has increased due to the outbreak of the corona virus pandemic. Caverion is exposed to various risks associated with the corona crisis such as suspension or cancellation of existing contracts by customers, lack of demand for new services, absenteeism of employees and subcontractor staff, closures of work sites and other work premises by customers or authorities, defaults in customer payments, lack or poor availability of financing etc. At this time there has been very limited signs of such risks materialising, but given the uncertainties there is a risk that the situation could deteriorate rapidly.

Furthermore, the corona pandemic is expected to lead to a global economic downturn. This could result in a recession in some or all of the countries where Caverion operates and could have a serious negative impact on Caverion's business and performance. However, a material part of Caverion's offering is of such nature that the customers will need these services also during a downturn and recession. Caverion estimates that it should be able to mitigate the risk by re-focusing its offering to meet the demand and adjusting the resources accordingly.

More generally, Caverion is exposed to different types of strategic, operational, political, market, customer, financial and other risks. The market environment is generally stable in markets relevant for Caverion, but the increased uncertainties in the economic environment may also affect Caverion going forward. Caverion estimates that the trade, health and political risks are increasing globally, but excluding the impact of the corona crisis their effect on Caverion is estimated to be otherwise limited in the short term.

Caverion's typical operational risks relate to its Services and Projects business. These include risks related to tendering (e.g. calculation and pricing), contractual terms and conditions, partnering, subcontracting, procurement and price of materials, availability of qualified personnel and project management. To manage these risks, risk assessment and review processes for both the sales and execution phase are in place, and appropriate risk reservations are being made. The Group Projects Business Unit is dedicated to the overall improvement of project risk management, to steering the project portfolio, and to improving project management capabilities. Despite all the actions taken, there is a risk that some project risks will materialise, which could have a negative impact on Caverion's financial performance and position. Project risk assessment is part of the standard project management processes in the company, and it is possible that risks may be identified in projects which are currently running and in new projects.

Despite clearly defined project controls, it is possible that some risks may materialise, which could lead to project write-downs, provisions, disputes or litigations. Caverion has made a large amount of project write-downs during the last few years. Systematic performance management continues to be part of the core project management processes in all divisions. In 2019 and 2020, Caverion reports only one old major risk project from Germany in adjusted EBITA, the completion of which has been delayed approximately into the end of 2020. It is possible that further risks may emerge in this old project or other projects.

According to Group policy, write-offs or provisions are booked on receivables when it is probable that no payment can be expected. Caverion Group follows a policy in valuing trade receivables and the bookings include estimates and critical judgements. The estimates are based on experience with write-offs realised in previous years, empirical knowledge of debt collection, customer-specific collaterals and analyses as well as the general economic situation of the review period. Caverion carries out risk assessments related to POC and trade receivables in its project portfolio on an ongoing basis. There are certain individual larger receivables where the company continues its actions to negotiate and collect the receivables. There is remaining risk in the identified receivables, and it cannot be ruled out that there is also risk associated with other receivables. The corona crisis has increased the general risk level related to the financial standing of customers and the collection of receivables.

Given the nature of Caverion's Projects business, Group companies are involved in disputes and legal proceedings in several projects. These disputes and legal proceedings typically concern claims made against Caverion for allegedly defective or delayed delivery. In some cases, the collection of receivables by Caverion may result in disputes and legal proceedings. There is a risk that the client presents counter claims in these proceedings. The outcome of claims, disputes and legal proceedings is difficult to predict. Write-downs and provisions are booked following the applicable accounting rules.

In June 2018, Caverion reached a settlement for its part with the German Federal Office (FCO) in a cartel case that had been investigated by the authority since 2014. The investigation concerns several companies providing technical building services in Germany. Caverion Deutschland GmbH (and its predecessors) was found to have participated in anti-competitive practices between 2005 and 2013. According to the FCO's final decision issued on 3 July 2018, Caverion Deutschland GmbH was imposed a fine of EUR 40.8 million. There is a risk that civil claims may be presented against Caverion Deutschland GmbH in relation to this matter. It is not possible to evaluate the magnitude of the risk at this time. Caverion will disclose any relevant information on the potential civil law claims as required under the applicable regulations.

As part of Caverion's co-operation with the authorities in the cartel matter, the company identified activities between 2009 and 2011 that were likely to fulfil the criteria of corruption or other criminal commitment in one of its client projects executed in that time. Caverion has brought its findings to the attention of the authorities and supports them in further investigating the case. It is possible that these infringements will cause considerable damage to Caverion in terms of fines, civil claims as well as legal expenses. However, the magnitude of the potential damage cannot be assessed at the moment. Caverion is monitoring the situation and will disclose any relevant information as required under the applicable regulations.

Caverion has made significant efforts to promote compliance in order to avoid any infringements in the future. As part of the programme all employees must complete an e-learning module and further training is given across the organisation. All employees are required to comply with Caverion's Code of Conduct, which has a policy of zero tolerance on anti-competitive practices, corruption, bribery or any unlawful action.

Goodwill recognised on Caverion's balance sheet is not amortised, but it is tested annually for any impairment. The amount by which the carrying amount of goodwill exceeds the recoverable amount is recognised as an impairment loss through profit and loss. If negative changes take place in Caverion's result and growth development, this may lead to an impairment of goodwill, which may have an unfavourable effect on Caverion's result of operations and shareholders' equity.

Caverion's external loans are subject to a financial covenant based on the ratio of the Group's net debt to EBITDA. Breaching this covenant would give the lending parties the right to declare the loans to be immediately due and payable. It is possible that Caverion may need amendments to its financial covenant in the future. The level of the financial covenant ratio is continuously monitored and evaluated against actual and forecasted EBITDA and net debt figures. The outbreak of the coronavirus pandemic has increased the general risk level related to the availability of financing as well as foreign exchange related risks.

Caverion's business typically involves granting guarantees to customers or other stakeholders, especially for large projects, e.g. for advance payments received, for performance of contractual obligations, and for defects during the warranty period. Such guarantees are typically granted by financial intermediaries on behalf of Caverion. There is no assurance that the company would have continuous access to sufficient guarantees from financial intermediaries at competitive terms or at all, and the absence of such guarantees could have an adverse effect on Caverion's business and financial situation. To manage this risk, Caverion's target is to maintain several guarantee facilities in the different countries where it operates. The outbreak of the coronavirus pandemic has increased the general risk level related to the availability of guarantee facilities.

There are risks related to the functionality, security and availability of the company's IT systems. Caverion has made significant investments in IT and system development. There is a risk that the expected functionalities and pay-back are not fully materialised.

Financial risks have been described in more detail in the 2019 Financial Statements under Note 5.5 "Financial risk management".

ANNUAL GENERAL MEETING

The Finnish Government announced on 16 March 2020 that public gatherings will be limited to a maximum of ten persons due to the outbreak of the coronavirus pandemic. Caverion takes the spreading of the coronavirus very seriously. Based on the above restrictions set by the Finnish Government, Caverion announced on 17 March 2020, that the Board of Directors had decided to cancel the Annual General Meeting to be held on 23 March 2020 and to convene the Annual General Meeting at a later stage.

On 20 April 2020, Caverion gave notice to its shareholders that the Annual General Meeting will be held on Monday, 25 May 2020 at 10 a.m. Finnish time at the Company's premises, Torpantie 2, 01650 Vantaa, Finland. Due to the coronavirus pandemic, shareholders are urged to avoid attending the Annual General Meeting at the meeting venue. To ensure the safety and well-being of the Company's shareholders, personnel and other stakeholders, it is recommended for all shareholders to follow the Annual General Meeting through a webcast and exercise their voting rights in advance or alternatively by proxy representation arranged by the Company. The Company's largest shareholders Antti Herlin/Security Trading Oy, Fennogens Investments S.A. and Varma Mutual Pension Insurance Company, which on the date of this notice represented in aggregate 32.98 percent of the votes vested in the Company's shares, have notified the Company in advance that they support the proposed resolutions on the AGM agenda.

DIVIDENDS AND DIVIDEND POLICY

The Board of Directors of Caverion proposes to the Annual General Meeting to be held on 25 May 2020 that no dividends will be distributed based on the balance sheet to be adopted for 2019 by a resolution of the Annual General Meeting, but that the Board of Directors be authorised to decide at their discretion on the distribution of dividends of a maximum amount of EUR 0.08 per share from the Company's retained earnings.

Caverion's dividend policy is to distribute as dividends at least 50 percent of the result for the year after taxes, however, taking profitability and leverage level into account. Even though there are no plans to amend this dividend policy, there is no guarantee that a dividend or capital redemption will actually be paid in the future, and also there is no guarantee of the amount of the dividend or return of capital to be paid for any given year.

SHARES AND SHAREHOLDERS

The Caverion Corporation is a public limited company organised under the laws of the Republic of Finland, incorporated on 30 June 2013. The company has a single series of shares, and each share entitles its holder to one vote at the General Meeting of the company and to an equal dividend. The company's shares have no nominal value.

Share capital and number of shares

The number of shares was 138,920,092 and the share capital was EUR 1,000,000 on 1 January 2020. Caverion held 2,849,360 treasury shares on 1 January 2020. At the end of the reporting period, the total number of shares in Caverion was 138,920,092. Caverion held 2,810,233 treasury shares on 31 March 2020, representing 2.02 percent of the total number of shares and voting rights. The number of shares outstanding was 136,109,859 at the end of March 2020.

The Board of Directors of Caverion Corporation decided in February 2020 on a directed share issue without payment for Caverion's Restricted Share Plan 2017–2019 reward payment. The decision on the directed share issue without payment is based on the authorisation granted to the Board of Directors by the Annual General Meeting of Shareholders held on 25 March 2019. In the directed share issue without payment, 39,127 Caverion Corporation shares held by the company were on 27 February 2020 conveyed to 16 key employees according to the terms and conditions of the plan. Prior to the directed share issue, Caverion held a total of 2,849,360 treasury shares, of which 2,810,233 treasury shares remain with the company after the conveyance.

Caverion's Board of Directors approved in December 2019 the commencement of a new plan period 2020-2022 in the share-based long-term incentive scheme originally established in December 2018. The scheme is based on a performance share plan (PSP) structure targeted to Caverion's management and selected key employees. The Board approved at the same time the commencement of a new plan period 2020-2022 in the Restricted Share Plan (RSP) structure, which is a complementary share-based incentive structure for specific situations. Any potential share rewards based on PSP 2020-2022 and RSP 2020-2022 will be delivered in the spring 2023. More information on the plans have been published in a stock exchange release on 18 December 2019. The Board of Directors of Caverion has on 30 April 2020 decided, upon management's suggestion, to postpone the commencement of PSP 2020-2022 incentive plan, latest until the beginning of the year 2021.

The Restricted Share Plan (RSP) is based on a rolling plan structure originally announced on 18 December 2015 and the commencement of each new plan within the structure is conditional on a separate Board approval. Share allocations within the Restricted Share Plan will be made for individually selected key employees in specific situations. Each RSP plan consists of a three-year vesting period after which the allocated share rewards will be delivered to the participants provided that their employment with Caverion continues at the time of the delivery of the share reward. The potential share rewards based on the Restricted Share Plans for 2016-2018, 2017−2019, 2018−2020, 2019−2021 as well as 2020-2022 total a maximum of approximately 547,000 shares (gross before the deduction of applicable payroll tax). Of these plans, a maximum of approximately 97,000 shares will be delivered in the first half of 2020, a maximum of 85,000 shares in the spring of 2021, a maximum of 135,000 shares in the spring of 2022 and a maximum of 230,000 shares in the spring of 2023.

Caverion's Board of Directors approved the previous long-term share-based incentive schemes for the Group's senior management and key employees in December 2015 and in December 2018. The targets set for the Performance Share Plan 2016–2018 and 2017−2019 were not met, and no rewards thereof were paid. The targets set for the Performance Share Plan 2018−2020 were partially met and the respective share rewards will be delivered in February 2021. If all targets will be met, the share rewards based on PSP 2019−2021 will comprise a maximum of approximately 1.3 million Caverion shares (gross before the deduction of applicable taxes).

More information on the incentive plans has been published in stock exchange releases on 18 December 2015, 21 December 2016, 21 December 2017, 18 December 2018 and 18 December 2019.

Caverion has not made any decision regarding the issue of option rights or other special rights entitling to shares.

Authorisations of the Board of Directors

Authorising Caverion's Board of Directors to decide on the repurchase and/or on the acceptance as pledge of own shares of the company

The Annual General Meeting of Caverion Corporation, held on 25 March 2019, authorised the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the Company's own shares in accordance with the proposal by the Board of Directors. The number of own shares to be repurchased and/or on the acceptance as pledge shall not exceed 13,500,000 shares, which corresponds to approximately 9.7% of all the shares in the Company. The Company may use only unrestricted equity to repurchase own shares on the basis of the authorisation. Purchase of own shares may be made at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market. The Board of Directors resolves the manner in which own shares be repurchased. Repurchase of own shares may be made using, inter alia, derivatives. Repurchase of own shares may be made otherwise than in proportion to the share ownership of the shareholders (directed repurchase).

The authorisation cancels the authorisation given by the General Meeting on 26 March 2018. The authorisation is effective until 25 September 2020. The Board of Directors has not used the authorisation to decide on the repurchase of the Company's own shares during the period.

As part of the implementation of the Matching Share Plan, the company has accepted as a pledge the shares acquired by those key employees who took a loan from the company. As a result, Caverion had 711,034 Caverion Corporation shares as a pledge at the end of the reporting period on 31 March 2020.

Authorising Caverion's Board of Directors to decide on share issues

The Annual General Meeting of Caverion Corporation, held on 25 March 2019, authorised the Board of Directors to decide on share issues in accordance with the proposal by the Board of Directors. The number of shares to be issued may not exceed 13,500,000 shares, which corresponds to approximately 9.7% of all the shares in the Company. The Board of Directors decides on all the conditions of the issuance of shares. The authorisation concerns both the issuance of new shares as well as the transfer of treasury shares. The issuance of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorisation can be used e.g. in order to strengthen the Company's capital structure, to broaden the Company's ownership, to be used as payment in corporate acquisitions or when the Company acquires assets relating to its business and as part of the Company's incentive programmes.

The authorisation cancels the authorisation given by the General Meeting on 26 March 2018 to decide on the issuance of shares. The authorisation was valid until 31 March 2020.

The Board of Directors of Caverion Corporation decided in February 2020 on a directed share issue without payment for Caverion's Restricted Share Plan 2017–2019 reward payment. The decision on the directed share issue without payment is based on the authorisation granted to the Board of Directors by the Annual General Meeting of Shareholders held on 25 March 2019. In the directed share issue without payment, 39,127 Caverion Corporation shares held by the company were on 27 February 2020 conveyed to 16 key employees according to the terms and conditions of the plan. Prior to the directed share issue, Caverion held a total of 2,849,360 treasury shares, of which 2,810,233 treasury shares remain with the company after the conveyance.

Trading in shares

The opening price of Caverion's share was EUR 7.24 at the beginning of 2020. The closing rate on the last trading day of the review period on 31 March was EUR 4.26. The share price decreased by 41 percent during January–March. The highest price of the share during the review period January–March was EUR 8.25, the lowest was EUR 3.79 and the average price was EUR 5.92. Share turnover on Nasdaq Helsinki in January–March amounted to 33.4 million shares. The value of share turnover was EUR 197.5 million (source: Nasdaq Helsinki). Caverion's shares are also traded in other market places, such as Aquis, Cboe, POSIT Auction and Turquoise.

The market capitalisation of the Caverion Corporation at the end of the review period was EUR 579.1 million. Market capitalisation has been calculated excluding the 2,810,233 shares held by the company as per 31 March 2020.

Number of shareholders and flagging notifications

At the end of March 2020, the number of registered shareholders in Caverion was 26,629 (12/2019: 25,390). At the end of March 2020, a total of 28.6 percent of the shares were owned by nominee-registered and non-Finnish investors (12/2019: 33.1%).

Caverion Corporation received on 17 February 2020 a notification pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act from Solero Luxco S.àr.l. (“Solero Luxco”, a company based in Luxembourg ultimately owned by Triton Fund IV). According to the notification the holding in Caverion Corporation by Solero Luxco decreased below the 5 percent threshold on 17 February 2020. The holding of Solero Luxco in Caverion decreased to 0 shares, corresponding to 0.00 percent of Caverion’s shares and voting rights.

Updated lists of Caverion’s largest shareholders and ownership structure by sector as per 31 March 2020, are available on Caverion’s website at www.caverion.com/investors.

INTERIM REPORT 1 JANUARY – 31 MARCH 2020: FINANCIAL TABLES

Condensed consolidated income statement

EUR million	1-3/2020	1-3/2019	1-12/2019
Revenue	**541.6**	**514.4**	**2,123.2**
Other operating income	0.5	0.5	14.0
Materials and supplies	-128.3	-124.4	-524.2
External services	-94.5	-94.6	-411.3
Employee benefit expenses	-240.6	-220.6	-868.9
Other operating expenses	-54.7	-52.8	-229.8
Share of results of associated companies	0.0	0.0	0.0
Depreciation, amortisation and impairment	-17.6	-17.3	-67.6
Operating result	**6.5**	**5.3**	**35.3**
% of revenue	1.2	1.0	1.7
Financial income and expense, net	-4.3	-1.2	-8.4
Result before taxes	**2.2**	**4.1**	**27.0**
% of revenue	0.4	0.8	1.3
Income taxes	-0.6	-1.1	-4.4
Result for the period	**1.6**	**3.0**	**22.6**
% of revenue	0.3	0.6	1.1
Attributable to			
Equity holders of the parent company	1.6	3.0	22.6
Non-controlling interests	0.0	0.0	0.0
Earnings per share attributable to the equity holders of the parent company			
Earnings per share, basic, EUR	0.01	0.01	0.14
Diluted earnings per share, EUR	0.01	0.01	0.14

Consolidated statement of comprehensive income

EUR million	1-3/2020	1-3/2019	1-12/2019
Result for the review period	**1.6**	**3.0**	**22.6**
Other comprehensive income			
Items that will not be reclassified to profit/loss			
- Change in fair value of defined benefit pension plans	3.4	-0.7	-5.7
-- Deferred tax			1.6
- Change in fair value of other investments	0.0		0.0
-- Deferred tax			
Items that may be reclassified subsequently to profit/loss			
- Cash flow hedges		0.1	0.1
- Translation differences	-5.5	1.9	0.7
Other comprehensive income, total	**-2.0**	**1.3**	**-3.3**
Total comprehensive result	**-0.4**	**4.3**	**19.3**
Attributable to			
Equity holders of the parent company	-0.4	4.3	19.3
Non-controlling interests	0.0	0.0	0.0

Condensed consolidated statement of financial position

EUR million	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	22.9	15.1	19.3
Right-of-use assets	129.0	136.2	135.0
Goodwill	366.9	331.9	366.5
Other intangible assets	54.7	32.8	56.0
Shares in associated companies and joint ventures	1.7	0.1	1.7
Other investments	1.3	1.1	1.3
Other receivables	6.8	6.8	7.3
Deferred tax assets	19.9	9.7	19.3
Current assets			
Inventories	18.4	16.8	18.8
Trade receivables	272.3	270.0	329.6
POC receivables	220.5	249.7	197.6
Other receivables	30.5	30.6	33.7
Income tax receivables	2.8	3.5	1.7
Cash and cash equivalents	113.2	101.3	93.6
Total assets	**1,261.1**	**1,205.5**	**1,281.4**
Equity and liabilities			
Equity attributable to equity holders of the parent company			
Share capital	1.0	1.0	1.0
Hybrid capital	66.1	66.1	66.1
Other equity	161.8	149.1	161.5
Non-controlling interest	0.4	0.4	0.4
Equity	**229.2**	**216.5**	**228.9**
Non-current liabilities			
Deferred tax liabilities	32.1	31.3	32.6
Pension liabilities	48.0	44.1	49.1
Provisions	9.5	7.5	9.4
Lease liabilities	89.9	95.4	93.3
Other interest-bearing debts	125.1	125.0	125.0
Other liabilities	4.0	0.0	2.1
Current liabilities			
Advances received	219.4	188.1	216.2
Trade payables	159.2	168.5	173.7
Other payables	260.9	255.0	258.7
Income tax liabilities	13.8	8.0	15.6
Provisions	29.0	22.5	33.1
Lease liabilities	41.1	40.2	43.6
Other interest-bearing debts		3.3	
Total equity and liabilities	**1,261.1**	**1,205.5**	**1,281.4**

Working capital

EUR million	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
Inventories	18.4	16.8	18.8
Trade and POC receivables	492.8	519.7	527.2
Other current receivables	29.6	30.0	32.6
Trade and POC payables	-179.5	-187.4	-194.1
Other current liabilities	-269.2	-251.4	-269.2
Advances received	-219.4	-188.1	-216.2
Working capital	**-127.3**	**-60.4**	**-100.9**

Consolidated statement of changes in equity

	Equity attributable to owners of the parent									
EUR million	Share capital	Retained earnings	Cumulative translation differences	Fair value reserve	Treasury shares	Unrestricted equity reserve	Hybrid capital	Total	Non-controlling interest	Total equity
Equity on January 1, 2020	**1.0**	**103.4**	**-4.8**	**-0.1**	**-3.1**	**66.0**	**66.1**	**228.5**	**0.4**	**228.9**
Comprehensive income										
Result for the period		1.6						1.6	0.0	1.6
Other comprehensive income:										
Change in fair value of defined benefit pension plans		3.4						3.4		3.4
-Deferred tax										
Change in fair value of other investments				0.0				0.0		0.0
-Deferred tax										
Translation differences			-5.5					-5.5		-5.5
Comprehensive income, total		**5.0**	**-5.5**	**0.0**				**-0.4**	**0.0**	**-0.4**
Dividend distribution									0.0	0.0
Share-based payments		0.5						0.5		0.5
Transfer of own shares		-0.3			0.3					
Other change		0.4						0.4		0.4
Equity on March 31, 2020	**1.0**	**109.0**	**-10.2**	**-0.1**	**-2.8**	**66.0**	**66.1**	**228.9**	**0.4**	**229.2**

EUR million	Equity attributable to owners of the parent									
	Share capital	Retained earnings	Cumulative translation differences	Fair value reserve	Treasury shares	Unrest-ricted equity reserve	Hybrid capital	Total	Non-controlling interest	Total equity
Equity on December 31, 2018	**1.0**	**95.5**	**-5.5**	**-0.2**	**-3.2**	**66.00**	**100.0**	**253.6**	**0.4**	**254.0**
Change in accounting principle, IFRS 16		0.1						0.1		0.1
Equity on January 1, 2019	**1.0**	**95.7**	**-5.5**	**-0.2**	**-3.2**	**66.00**	**100.0**	**253.8**	**0.4**	**254.1**
Comprehensive income										
Result for the period		3.0						3.0	0.0	3.0
Other comprehensive income:										
Change in fair value of defined benefit pension plans		´-0.7						-0.7		-0.7
-Deferred tax										
Cash flow hedges				0.1				0.1		0.1
Change in fair value of other investments				0.0				0.0		0.0
-Deferred tax										
Translation differences			1.9					1.9		1.9
Comprehensive income, total		**2.3**	**1.9**	**0.1**				**4.3**	**0.0**	**4.3**
Dividend distribution		-6.8						-6.8	0.0	-6.8
Share-based payments		0.4						0.4		0.4
Transfer of own shares		-0.1			0.1			0.0		0.0
Hybrid capital Repayment							-33.9	-33.9		-33.9
Hybrid capital interests and costs after taxes		-1.4						-1.4		-1.4
Disposal of subsidiaries		-0.2						-0.2		-0.2
Equity on March 31, 2019	**1.0**	**89.9**	**-3.6**	**-0.1**	**-3.1**	**66.0**	**66.1**	**216.2**	**0.4**	**216.5**

EUR million	Share capital	Retained earnings	Cumulative translation differences	Fair value reserve	Treasury shares	Unrest-ricted equity reserve	Hybrid capital	Total	Non-controlling interest	Total equity
	Equity attributable to owners of the parent									
Equity on December 31, 2018	**1.0**	**95.5**	**-5.5**	**-0.2**	**-3.2**	**66.0**	**100.0**	**253.6**	**0.4**	**254.0**
Change in accounting principle, IFRS 16		0.1						0.1		0.1
Equity on January 1, 2019	**1.0**	**95.7**	**-5.5**	**-0.2**	**-3.2**	**66.0**	**100.0**	**253.8**	**0.4**	**254.1**
Comprehensive income										
Result for the period		22.6						22.6	0.0	22.6
Other comprehensive income:										
Change in fair value of defined benefit pension plans		-5.7						-5.7		-5.7
-Deferred tax		1.6						1.6		1.6
Cash flow hedges				0.1				0.1		0.1
Change in fair value of other investments				0.0				0.0		0.0
-Deferred tax										
Translation differences			0.7					0.7		0.7
Comprehensive income, total		**18.5**	**0.7**	**0.0**				**19.3**	**0.0**	**19.3**
Dividend distribution		-6.8						-6.8	0.0	-6.8
Share-based payments		0.1						0.1		0.1
Transfer of own shares		-0.1			0.1					
Hybrid capital Repayment							-33.9	-33.9		-33.9
Hybrid capital interests and costs after taxes		-3.8						-3.8		-3.8
Disposal of subsidiaries		-0.2						-0.2		-0.2
Equity on December 31, 2019	**1.0**	**103.4**	**-4.8**	**-0.1**	**-3.1**	**66.0**	**66.1**	**228.5**	**0.4**	**228.9**

Condensed consolidated statement of cash flows

EUR million	1-3/2020	1-3/2019	1-12/2019
Cash flows from operating activities			
Result for the period	1.6	3.0	22.6
Adjustments to result	20.3	20.1	95.9
Change in working capital	34.2	7.0	25.2
Operating cash flow before financial and tax items	**56.1**	**30.1**	**143.7**
Financial items, net	-3.3	-3.5	-9.6
Taxes paid	-4.0	-0.7	-4.7
Net cash from operating activities	**48.8**	**25.9**	**129.4**
Cash flows from investing activities			
Acquisitions of subsidiaries, net of cash	-2.1	-0.6	-48.6
Disposal of subsidiaries, net of cash	0.0	1.6	1.5
Investments in joint ventures			-1.6
Capital expenditure and other investments, net	-4.1	-3.4	-16.2
Net cash used in investing activities	**-6.1**	**-2.5**	**-65.0**
Cash flow after investing activities	**42.7**	**23.5**	**64.5**
Cash flow from financing activities			
Change in loan receivables, net	0.2	-0.3	-0.3
Proceeds from borrowings		125.0	125.0
Repayments of borrowings		-53.3	-56.7
Repayments of lease liabilities	-11.2	-11.5	-45.5
Hybrid capital repayment		-33,9	-33.9
Hybrid capital costs and interests		-1,7	-4.7
Dividends paid and other distribution of assets	0.0	0.0	-6.8
Net cash used in financing activities	**-11.1**	**24.1**	**-23.0**
Change in cash and cash equivalents	**31.6**	**47.6**	**41.5**
Cash and cash equivalents at the beginning of the period	93.6	51.2	51.2
Change in the foreign exchange rates	-11.9	2.5	0.9
Cash and cash equivalents at the end of the period	**113.2**	**101.3**	**93.6**

Free cash flow

EUR million	1-3/2020	1-3/2019	1-12/2019
Operating cash flow before financial and tax items	56.1	30.1	143.7
Taxes paid	-4.0	-0.7	-4.7
Net cash used in investing activities	-6.1	-2.5	-65.0
Free cash flow	**46.0**	**27.0**	**74.0**

Notes to the Interim Report

1 Accounting principles

Caverion Corporation's Interim Report for January 1 – March 31, 2020 has been prepared in accordance with IAS 34, 'Interim Financial Reporting'. Caverion has applied the same accounting principles in the preparation of the Interim Report as in its Financial Statements for 2019.

The information presented in this Interim Report has not been audited.

In the Interim Report the figures are presented in million euros subject to rounding, which may cause some rounding inaccuracies in column and total sums.

2 Key figures

EUR million	1-3/2020	1-3/2019	1-12/2019
Revenue, EUR million	541.6	514.4	2,123.2
EBITDA, EUR million	24.1	22.6	103.0
EBITDA margin, %	4.4	4.4	4.8
Adjusted EBITDA, EUR million	26.3	27.1	120.4
Adjusted EBITDA margin, %	4.8	5.3	5.7
EBITA	10.0	9.3	49.8
EBITA margin, %	1.8	1.8	2.3
Adjusted EBITA	12.1	13.8	67.2
Adjusted EBITA margin, %	2.2	2.7	3.2
Operating profit, EUR million	6.5	5.3	35.3
Operating profit margin, %	1.2	1.0	1.7
Result before taxes, EUR million	2.2	4.1	27.0
% of revenue	0.4	0.8	1.3
Result for the review period, EUR million	1.6	3.0	22.6
% of revenue	0.3	0.6	1.1
Earnings per share, basic, EUR	0.01	0.01	0.14
Earnings per share, diluted, EUR	0.01	0.01	0.14
Equity per share, EUR	1.7	1.6	1.7
Equity ratio, %	22.0	21.3	21.5
Interest-bearing net debt, EUR million	142.8	162.7	168.4
Gearing ratio, %	62.3	75.1	73.6
Total assets, EUR million	1,261.1	1,205.5	1,281.4
Operating cash flow before financial and tax items, EUR million	56.1	30.1	143.7
Cash conversion (LTM), %	162.4	n.a.	139.5
Working capital, EUR million	-127.3	-60.4	-100.9
Gross capital expenditures, EUR million	8.3	4.4	73.4
% of revenue	1.5	0.9	3.5
Order backlog, EUR million	1,768.3	1,579.7	1,670.5
Personnel, average for the period	16,098	14,694	14,763
Number of outstanding shares at the end of the period (thousands)	136,110	135,679	136,071
Average number of shares (thousands)	136,085	135,664	135,866

3 Financial development by quarter

EUR million	1-3/2020	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Revenue	541.6	589.0	507.5	512.3	514.4
EBITDA	24.1	35.9	35.3	9.1	22.6
EBITDA margin, %	4.4	6.1	7.0	1.8	4.4
Adjusted EBITDA	26.3	47.0	36.2	10.0	27.1
Adjusted EBITDA margin, %	4.8	8.0	7.1	2.0	5.3
EBITA	10.0	22.5	22.1	-4.1	9.3
EBITA margin, %	1.8	3.8	4.4	-0.8	1.8
Adjusted EBITA	12.1	33.7	23.0	-3.2	13.8
Adjusted EBITA margin, %	2.2	5.7	4.5	-0.6	2.7
Operating profit	6.5	18.9	18.9	-7.7	5.3
Operating profit margin, %	1.2	3.2	3.7	-1.5	1.0

EUR million	1-3/2020	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Earnings per share, basic, EUR	0.01	0.11	0.08	-0.06	0.01
Earnings per share, diluted, EUR	0.01	0.11	0.08	-0.06	0.01
Equity per share, EUR	1.7	1.7	1.6	1.5	1.6
Equity ratio, %	22.0	21.5	22.6	20.8	21.3
Interest-bearing net debt, EUR million	142.8	168.4	172.9	158.9	162.7
Gearing ratio, %	62.3	73.6	79.5	77.3	75.1
Total assets, EUR million	1,261.1	1,281.4	1,170.5	1,186.6	1,205.5
Operating cash flow before financial and tax items, EUR million	56.1	80.6	3.8	29.1	30.1
Cash conversion (LTM), %	162.4	139.5	177.6	169.9	n.a.
Working capital, EUR million	-127.3	-100.9	-46.8	-80.8	-60.4
Gross capital expenditures, EUR million	8.3	59.5	5.7	3.8	4.4
% of revenue	1.5	10.1	1.1	0.7	0.9
Order backlog, EUR million	1,768.3	1,670.5	1,676.9	1,704.7	1,579.7
Personnel at the end of the period	16,010	16,273	14,606	14,681	14,489
Number of outstanding shares at end of period (thousands)	136,110	136,071	135,973	135,973	135,679
Average number of shares (thousands)	136,085	135,988	135,973	135,834	135,664

4 Calculation of key figures

Key figures on financial performance

EBITDA =	Operating profit (EBIT) + depreciation. amortisation and impairment
Adjusted EBITDA =	EBITDA before items affecting comparability (IAC) *
EBITA =	Operating profit (EBIT) + amortisation and impairment
Adjusted EBITA =	EBITA before items affecting comparability (IAC) *
Equity ratio (%) =	$\dfrac{\text{(Equity + non-controlling interest) x 100}}{\text{Total assets - advances received}}$
Gearing ratio (%) =	$\dfrac{\text{(Interest-bearing liabilities - cash and cash equivalents) x 100}}{\text{Shareholders' equity + non-controlling interest}}$
Interest-bearing net debt =	Interest-bearing liabilities - cash and cash equivalents
Working capital =	Inventories + trade and POC receivables + other current receivables - trade and POC payables - other current payables - advances received - current provisions
Free cash flow =	Operating cash flow before financial and tax items – taxes paid – net cash used in investing activities
Organic growth =	Defined as the change in revenue in local currencies excluding the impacts of (i) currencies; and (ii) acquisitions and divestments. The currency impact shows the impact of changes in exchange rates of subsidiaries with a currency other than the euro (Group's reporting currency). The acquisitions and divestments impact shows how acquisitions and divestments completed during the current or previous year affect the revenue reported.

Share-related key figures

Earnings / share, basic =	$\dfrac{\text{Result for the period (attributable for equity holders) - hybrid capital expenses and accrued unrecognised interests after tax}}{\text{Weighted average number of shares outstanding during the period}}$
Earnings /share, diluted=	$\dfrac{\text{Result for the period (attributable for equity holders) - hybrid capital expenses and accrued unrecognised interests after tax}}{\text{Weighted average dilution adjusted number of shares outstanding during the period}}$
Equity / share =	$\dfrac{\text{Shareholders' equity}}{\text{Number of outstanding shares at the end of the period}}$

*Items affecting comparability (IAC) in 2020 are material items or transactions, which are relevant for understanding the financial performance of Caverion when comparing the profit of the current period with that of the previous periods. These items can include (1) capital gains and/or losses and transaction costs related to divestments and acquisitions; (2) write-downs, expenses and/or income from separately identified major risk projects; (3) restructuring expenses and (4) other items that according to Caverion management's assessment are not related to normal business operations. In 2019 and 2020, major risk projects only include one risk project in Germany reported under category (2). In 2019, mainly legal and other costs related to the German anti-trust fine and a compensation from the previous owners of a German subsidiary related to the cartel case were reported under category (4). In 2020, costs related to an old dormant company in Russia under closing process have been reported under categfory (4).

ESMA (European Securities and Markets Authority) has issued guidelines regarding Alternative Performance Measures (“APM”). Caverion presents APMs to improve the analysis of business and financial performance and to enhance the comparability between reporting periods. APMs presented in this report should not be considered as a substitute for measures of performance in accordance with the IFRS.

5 Related party transactions

Caverion announced on 7 February 2018 in a stock exchange release the establishment of a new share-based incentive plan directed for the key employees of the Group ("Matching Share Plan 2018−2022"). The company provided the participants a possibility to finance the acquisition of the company's shares through an interest-bearing loan from the company, which some of the participants utilised. In the end of March 2020 the total outstanding amount of these loans amounted approximately to EUR 4.4 (4.5) million. The loans will be repaid in full on 31 December 2023, at the latest. Company shares have been pledged as a security for the loans.

6 Financial risk management

Caverion's main financial risks are the liquidity risk, credit risk as well as market risks including the foreign exchange and interest rate risk. The objectives and principles of financial risk management are defined in the Treasury Policy approved by the Board of Directors. Financial risk management is carried out by Group Treasury in co-operation with the Group's subsidiaries.

The outbreak of the coronavirus pandemic and the recent market turmoil have increased the general risk level related to the availability of financing, the availability of guarantee facilities as well as foreign exchange related risks.

The objective of capital management in Caverion Group is to maintain an optimal capital structure, maximise the return on the respective capital employed and to minimise the cost of capital within the limits and principles stated in the Treasury Policy. The capital structure is modified primarily by directing investments and working capital employed.

No significant changes have been made to the Group's financial risk management principles in the reporting period. Further information is presented in Group's 2019 financial statement in note 5.5 Financial risk management.

Caverion's liquidity position is strong. The outbreak of the coronavirus pandemic has led to even sharpened focus on optimising cash flow and working capital management. Ensuring adequate financing has also been prioritised.

Caverion's external loans are subject to a financial covenant based on the ratio of the Group's net debt to EBITDA. The covenant ratio is continuously monitored and evaluated against actual and forecasted EBITDA and net debt figures.

The table below presents the maturity structure of interest-bearing liabilities. Interest-bearing borrowings are based on contractual maturities of liabilities excluding interest payments. Lease liabilities are presented based on discounted present value of remaining lease payments. Cash flows of foreign-denominated liabilities are translated into the euro at the reporting date.

EUR million	2020	2021	2022	2023	2024	2025->	Total
Interest-bearing borrowings			50.0	75.0		0.5	125.5
Lease liabilities	30.5	34.5	23.7	15.7	9.4	17.1	131.0
Total	**30.5**	**34.5**	**73.7**	**90.7**	**9.4**	**17.6**	**256.5**

7 Financial liabilities and net debt

EUR million	Mar 31, 2020 Carrying amount	Mar 31, 2019 Carrying amount	Dec 31, 2019 Carrying amount
Non-current liabilities			
Senior bonds	74.7	74.7	74.6
Loans from financial institutions	49.9	49.8	49.9
Other financial loans	0.5	0.5	0.5
Lease liabilities	89.9	95.4	93.3
Total non-current interest-bearing liabilities	**214.9**	**220.4**	**218.3**
Current liabilities			
Loans from financial institutions			
Pension loans		3.3	
Other financial loans		0.0	
Lease liabilities	41.1	40.2	43.6
Total current interest-bearing liabilities	**41.1**	**43.6**	**43.6**
Total interest-bearing liabilities	**256.0**	**263.9**	**261.9**
Total interest-bearing liabilities (excluding IFRS 16 lease liabilities)	**125.1**	**128.4**	**125.0**
Cash and cash equivalents	113.2	101.3	93.6
Net debt	**142.8**	**162.7**	**168.4**
Net debt excluding IFRS 16 lease liabilities	**11.8**	**27.1**	**31.5**

The carrying amounts of all financial assets and liabilities are reasonably close to their fair values.

Derivative instruments

Nominal amounts EUR million	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
Interest rate derivatives			
Foreign exchange forwards	58.6	79.9	66.7

Fair values EUR million	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
Interest rate derivatives			
positive fair value			
negative fair value			
Foreign exchange forwards			
positive fair value	0.7	0.3	0.9
negative fair value	-0.2	-0.2	-0.2

The fair values of the derivative instruments have been defined as follows: The fair values of foreign exchange forward agreements have been defined by using market prices on the closing day. The fair values of interest rate swaps are based on discounted cash flows.

8 Commitments and contingent liabilities

EUR million	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
Guarantees given on behalf of associated companies	0.0	0.0	0.0
Parent company's guarantees on behalf of its subsidiaries	458.4	433.4	456.0
Other commitments			
- Operating leases			
- Other contingent liabilities	0.2	0.2	0.2
Accrued unrecognised interest on hybrid bond	2.4	2.4	1.7

Entities participating in the demerger are jointly and severally responsible for the liabilities of the demerging entity which have been generated before the registration of the demerger. As a consequence, a secondary liability up to the allocated net asset value was generated to Caverion Corporation, incorporated due to the partial demerger of YIT Corporation, for those liabilities that were generated before the registration of the demerger and remain with YIT Corporation after the demerger. Caverion Corporation has a secondary liability relating to the Group guarantees which remain with YIT Corporation after the demerger. These Group guarantees amounted to EUR 30.0 million at the end of March 2020.

The short-term risks and uncertainties relating to the operations have been described above under "Short-term risks and uncertainties". It is possible that especially the infringements in compliance may cause considerable damage to Caverion in terms of fines, civil claims as well as legal expenses. However, the magnitude of the potential damage cannot be assessed at the moment.

9 Events after the reporting period

Caverion announced on 14 April 2020 that it withdraws its guidance for 2020 due to the increased uncertainty around the market outlook as a result of the coronavirus pandemic. Caverion may provide an updated guidance for 2020 once the visibility improves and more reliable estimates can be made. According to the previous guidance published on 7 February 2020, the Group's revenue (2019: EUR 2,123.2 million) and adjusted EBITA (2019: EUR 67.2 million) were estimated to grow in 2020 compared to 2019.

On 20 April 2020, Caverion gave notice to its shareholders that the Annual General Meeting will be held on Monday, 25 May 2020 at 10 a.m. Finnish time at the Company's premises, Torpantie 2, 01650 Vantaa, Finland. Due to the coronavirus pandemic, shareholders are urged to avoid attending the Annual General Meeting at the meeting venue. To ensure the safety and well-being of the Company's shareholders, personnel and other stakeholders, it is recommended for all shareholders to follow the Annual General Meeting through a webcast and exercise their voting rights in advance or alternatively by proxy representation arranged by the Company. The Company's largest shareholders Antti Herlin/Security Trading Oy, Fennogens Investments S.A. and Varma Mutual Pension Insurance Company, which on the date of this notice represented in aggregate 32.98 percent of the votes vested in the Company's shares, have notified the Company in advance that they support the proposed resolutions on the AGM agenda.